

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

May 3, 2021

1:30 p.m.

MEMBERS PRESENT

Senator Mia Costello, Chair
Senator Joshua Revak, Vice Chair
Senator Peter Micciche
Senator Gary Stevens
Senator Elvi Gray-Jackson

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE JOINT RESOLUTION NO. 14

Supporting the passage by the United States Congress of the SAFE Banking Act of 2019, sec. 110606 of the Heroes Act, or similar legislation relating to cannabis-related legitimate businesses' access to financial services.

- MOVED HJR 14 OUT OF COMMITTEE

SENATE BILL NO. 130

"An Act relating to electronic pull-tabs."

- MOVED SB 130 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HJR 14

SHORT TITLE: RESOLUTION: FED SAFE BANKING ACT/CANNABIS

SPONSOR(s): REPRESENTATIVE(s) RASMUSSEN

03/05/21	(H)	READ THE FIRST TIME - REFERRALS
03/05/21	(H)	CRA
04/01/21	(H)	CRA AT 8:00 AM BARNES 124
04/01/21	(H)	Heard & Held
04/01/21	(H)	MINUTE (CRA)
04/06/21	(H)	CRA AT 8:00 AM BARNES 124
04/06/21	(H)	Moved HJR 14 Out of Committee

04/06/21	(H)	MINUTE (CRA)
04/07/21	(H)	CRA RPT 7DP
04/07/21	(H)	DP: MCCABE, PRAX, PATKOTAK, DRUMMOND, MCCARTY, SCHRAGE, HANNAN
04/22/21	(H)	TRANSMITTED TO (S)
04/22/21	(H)	VERSION: HJR 14
04/23/21	(S)	READ THE FIRST TIME - REFERRALS
04/23/21	(S)	L&C
05/03/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 130

SHORT TITLE: ELECTRONIC PULL-TAB GAMES

SPONSOR(s): LABOR & COMMERCE

04/23/21	(S)	READ THE FIRST TIME - REFERRALS
04/23/21	(S)	L&C
05/03/21	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

REPRESENTATIVE SARA RASMUSSEN

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Sponsor of HJR 14.

SCOTT BERGMANN, Staff

Representative Sara Rasmussen

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Introduced HJR 14 on behalf of the sponsor.

LACY WILCOX, President

Alaska Marijuana Industry Association (AMIA)

Juneau, Alaska

POSITION STATEMENT: Provided supporting testimony on HJR 14.

RYAN TUNSETH, representing self

Owner, East Rip

Kenai, Alaska

POSITION STATEMENT: Testified in support of HJR 14.

MICHAEL MARTIN, President

Alaska Bankers Association (ABA);

CEO and General Counsel

Northrim Bank

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HJR 14.

MELODIE WILTERDINK, Staff
Senator Mia Costello
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced SB 130 on behalf of the Senate Labor and Commerce Committee.

ANGIE FRAIZE, Communications Officer
Anchorage Police Department Employee Association (APDEA)
Anchorage, Alaska

POSITION STATEMENT: Testified on SB 130 by invitation.

JOHN POWERS
Tudor Bingo Center
Anchorage, Alaska

POSITION STATEMENT: Stated opposition to SB 130 without more input from people like himself.

JACK TRIPP, former owner
The Viking
Juneau, Alaska

POSITION STATEMENT: Testified on SB 130 by invitation.

SANDY POWERS
Big Valley Bingo
Willow, Alaska

POSITION STATEMENT: Expressed concern with SB 130.

SCOTT HENNEMAN, Vice President
Business Development and Governmental Affairs
Grover Gaming
Omaha, Nebraska

POSITION STATEMENT: Testified in support of SB 130.

NANCY DECHERNEY, Executive Director
Alaska Council on the Arts
Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 130.

MACK MEINERS, representing self
Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 130.

JOHNATHON GREEN, Attorney
Kempell, Huffman, and Elise
Wasilla, Alaska

POSITION STATEMENT: Testified that SB 130 would not expand requirements for the state to negotiate with tribal entities for class III gaming.

DAVID LAMBERT, representing self
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 130.

KATRINA MITCHELL, Gaming Manager
Tax Division
Department of Revenue
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on SB 130.

COLLEEN GLOVER, Director
Tax Division
Department of Revenue
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on SB 130.

ACTION NARRATIVE

[1:30:22 PM](#)

CHAIR MIA COSTELLO called the Senate Labor and Commerce Standing Committee meeting to order at 1:30 p.m. Present at the call to order were Senators Gray-Jackson, Revak, and Chair Costello. Senators Micciche and Stevens arrived during the course of the meeting.

HJR 14-RESOLUTION: FED SAFE BANKING ACT/CANNABIS

[1:31:00 PM](#)

SENATOR COSTELLO announced the consideration of HOUSE JOINT RESOLUTION NO. 14 Supporting the passage by the United States Congress of the SAFE Banking Act of 2019, sec. 110606 of the Heroes Act, or similar legislation relating to cannabis-related legitimate businesses' access to financial services.

[1:31:37 PM](#)

REPRESENTATIVE SARA RASMUSSEN, Alaska State Legislature, Juneau, Alaska, sponsor of HJR 14, related that the bill came about after her husband, who is a mortgage originator, mentioned that somebody had applied for a home mortgage and could not qualify

because they worked in the legal cannabis industry. This is despite the 2014 initiative in which 53 percent of voters approved cannabis use. She reached out to industry leaders and learned that these businesses have difficulty renting or purchasing property and they have to pay their taxes, utility expenses, rent, and employees in cash. Believing that there should be a better way, she worked with the congressional delegation to produce HJR 14. It seeks to level the playing field for all Alaskan businesses and increase transparency and safety measures.

1:33:56 PM

CHAIR COSTELLO summarized that because cannabis is not legal at the federal level, these businesses do not have access to banking so all transactions are in cash. The resolution asks the federal government to allow these businesses to operate under the federal Secure and Fair Enforcement (SAFE) Banking Act.

REPRESENTATIVE RASMUSSEN agreed with the summary.

1:35:00 PM

SCOTT BERGMANN, Staff, Representative Sara Rasmussen, Alaska State Legislature, Juneau, Alaska, stated that HJR 14 calls on Congress to pass the Secure and Fair Enforcement (SAFE) Banking Act or similar legislation to provide a safe harbor for financial institutions that provide services to legal cannabis-related businesses. Under current federal law it is a Schedule I felony to accept deposits and conduct other banking business with the legal cannabis industry.

He reported that since 1996, 33 states comprising 68 percent of the nation's population have legalized cannabis for medical or adult use. He highlighted that the U.S. House of Representatives passed a SAFE Banking Act and Senator Murkowski and Senator Sullivan are co-sponsors of the U.S. Senate version of the bill.

SENATOR GRAY-JACKSON asked if legal marijuana businesses accept credit card transactions. She acknowledged the nonverbal negative response and expressed support for changing the federal law.

SENATOR REVAK commented that this is a state's rights issue and he appreciates the legislation. The people of Alaska voted to legalize cannabis; forcing the industry to transact business in cash is dangerous and it impedes commerce.

1:37:50 PM

LACY WILCOX, President, Alaska Marijuana Industry Association (AMIA), Juneau, Alaska, stated that on behalf of the industry, she was offering support for HJR 14. She said this resolution would send a message that the Alaska Legislature cares about health and safety. Access to financial services is paramount in protecting Alaskans from the public safety risks associated with transacting business entirely in cash. She described banking as a tool for law enforcement, tax collectors, regulators, and auditors to identify less than honorable industry participants. Passing the resolution in support of the SAFE Banking Act would make Alaska a leader and other states would be likely to follow.

MS. WILCOX highlighted the effect of the federal law on the more than 400 cannabis business entities, shareholders, investors, and employees. She said the 10,000 or more employees are probably the most affected by the lack of access to banking services. They are unable to qualify to buy a house or car or take out a student loan to further their education. The lack of access to financial services also prevents cannabis businesses from offering health and retirement benefits to their employees. She mentioned the ancillary support businesses that have found it difficult to conduct business with the industry because large payments for supplies and services must be paid in cash or money orders. General contractors, plumbers, electricians, utility companies, and supply vendors may jeopardize their financial standing by doing business with cannabis businesses. She shared the message she has heard from people in the financial services sector, which is that they would like to offer banking services to the industry but they need assurance through the SAFE Banking Act or similar legislation that doing so would not be a crime.

[1:42:37 PM](#)

CHAIR COSTELLO opened public testimony on HJR 14.

[1:42:51 PM](#)

RYAN TUNSETH, representing self, Kenai, Alaska, advised that he is the owner of the retail cannabis business, East Rip. He urged the committee to support HJR 14 or similar legislation to support passage of the SAFE Banking Act or similar legislation. He said this is a nonpartisan issue about protecting working Alaskans. It sends a clear message that legislators from both sides of the aisle will look out for the safety of Alaskans and protect the rights of workers and Alaska businesses. He agreed with previous testimony that moving and handling large amounts of cash is problematic. He pointed out that there is also an efficiency element related to the state's finances. Currently there is nearly \$2 million in unpaid marijuana taxes and this

would add a tool for the state to audit against that. It would also make it easier for businesses to make those payments. Finally, there is an equity piece that people have mentioned about not being able to secure a loan because the payments may come from the cannabis industry. Deeper than that, being able to secure any type of financing to secure a loan to start a business is very difficult. Because of that, most of the people who entered the industry were able to do it because they had cash by robbing 401 K plans or something similar. He said others who may not have that ability are blocked from entering the industry. There are no other mechanisms for funding. He urged the committee to support HJR 14.

1:45:10 PM

MICHAEL MARTIN, President, Alaska Bankers Association (ABA); CEO and General Counsel, Northrim Bank, Anchorage, Alaska, testified in support of HJR 14. He stated that ABA represents the seven banks that have operations in Alaska, including four state-chartered banks and three national banks, all of which have substantial operations in Alaska. He said ABA and its member banks support HJR 14, urging the federal government to adopt the SAFE Banking Act to provide a safe harbor to depository institutions that provide financial products and services to legal cannabis-related businesses. He noted that the SAFE Banking Act is a bank-specific solution that creates a safe harbor and enables banks to serve cannabis-related businesses. The U.S. House of Representatives most recently passed this legislation and it is awaiting action in the Senate.

MR. MARTIN highlighted that ABA and the member banks have never taken a position on the legalization of cannabis, but the banks are committed to serve the financial needs of Alaska consumers, businesses, and communities. He said all bankers in Alaska are subject to federal law and cannabis remains illegal so banks currently face substantial risks by offering banking products and services to cannabis-related businesses. Most notably, the issue is the potential loss of the bank's charter and therefore the ability to do business in general. He said the reality is that cannabis-related businesses currently cannot open and maintain deposit accounts with Alaska banks. They cannot engage in electronic transactions, which includes tax payments. They have a difficult if not impossible time obtaining loans from banks. This causes these legitimate and substantially regulated businesses to operate in cash and money orders and find alternative means of financing and funds management outside of the banking system. He also noted that the American Banking Association submitted a letter to Congress in March 2021

supporting the SAFE Banking Act. He thanked the sponsor and urged the committee to support HJR 14.

[1:48:52 PM](#)

CHAIR COSTELLO closed public testimony on HJR 14. She asked the sponsor if there was another committee of referral.

REPRESENTATIVE RASMUSSEN answered no; the resolution received just one referral in each body.

[1:49:20 PM](#)

SENATOR REVAK moved to report HJR 14, work order 32-LS0617\A, from committee with individual recommendations and attached fiscal note(s).

CHAIR COSTELLO found no objection and HJR 14 was reported from the Senate Labor and Commerce Standing Committee.

SB 130-ELECTRONIC PULL-TAB GAMES

[1:49:53 PM](#)

CHAIR COSTELLO announced the consideration of SENATE BILL NO. 130 "An Act relating to electronic pull-tabs."

[1:50:19 PM](#)

MELODIE WILTERDINK, Staff, Senator Mia Costello, Alaska State Legislature, Juneau, Alaska, introduced SB 130 on behalf of the Senate Labor and Commerce Committee. She read the following sponsor statement into the record:

Traditional paper pull-tabs are multilayered tickets with perforated sections that when "pulled" by tearing the perforation, reveal symbols which indicate whether the player has won. Pull-tab gaming permits are exclusively available to charities in Alaska for fundraising, and Alaska charities have benefitted by receiving donations through pull-tab games.

Senate Bill 130 would allow pull-tab operators the choice of providing paper pull-tab tickets or electronic pull-tab tickets, which are accessed onsite through a kiosk or tablet device. Electronic pull-tabs are played in the same manner as paper pull-tabs, but there are no physical tickets for operators to count, deface, or store. Benefits of electronic pull-tabs include increased security, easier tracking and reporting, and reduced fraud. Modernizing pull-tabs

makes it less onerous for small businesses to become pull-tab operators in support of local charities.

MS. WILTERDINK showed the committee the number of used pull-tabs from one bartender in a single shift and the number of used pull-tabs created from a single bar in six weeks to illustrate the paper waste that SB 130 has the potential to reduce or eliminate by giving operators the option to switch to electronic pull-tabs.

CHAIR COSTELLO asked her to talk about eliminating both the potential for fraud and the administrative burden of parsing through used pull-tabs.

[1:53:28 PM](#)

MS. WILTERDINK explained that the bar puts up the up-front payment and the charity is responsible for delivering the pull-tabs to the bar. She noted that many charities hire a third party to do deliveries, which reduces the profit to the charity by tens of thousands of dollars per year. Inside the bar, the profit on individual pull-tabs is small but the volume is high. The bartender counts out individual pull-tabs to customers and they may accidentally give extras. This is a loss to the charities but it is difficult to count and track individual pull-tabs. She relayed stories of people taking a winning pull-tab from one bar and slipping it in at another bar to receive payment twice. She said the fraud can be onerous and the responsibility falls on the bar owners who are putting up the up-front cash to support the charities.

[1:54:43 PM](#)

SENATOR GRAY-JACKSON asked how a winning tab is paid.

MS. WILTERDINK replied that winnings are paid in cash and that would not change with electronic pull-tabs.

SENATOR GRAY-JACKSON offered her understanding that other states pay winnings from electronic pull-tabs with a check. She asked whether winners, particularly large winners, would receive a check in the mail.

MS. WILTERDINK deferred the question to representatives from the Department of Revenue.

[1:56:25 PM](#)

CHAIR COSTELLO clarified that the pull-tab kiosks would still be on the premises, not offsite. She noted that this bill is

different from the charitable gaming bill the committee considered where individuals were able to donate to charities from their home using their own electronic device.

1:57:07 PM

SENATOR MICCICHE joined the committee.

SENATOR GRAY-JACKSON said the explanation answered her questions.

CHAIR COSTELLO turned to invited testimony on SB 130.

1:57:50 PM

ANGIE FRAIZE, Communications Officer, Anchorage Police Department Employee Association (APDEA), Anchorage, Alaska, testified in support of SB 130. She advised that since 2017, APDEA has had a nonprofit arm called Anchorage Cops for Community that works to connect to the community in non-law-enforcement ways. In the first three years, they received close to \$100,000 in gaming money to help meet the mission to foster and inspire community wellbeing through collaboration between the community and law enforcement. She listed some of the programs and projects and noted that they give to five main charities every year if the funds are available.

MS. FRAIZE said SB 130 offers a way for community members to responsibly engage in gaming and help nonprofits. Transitioning to electronic pull-tabs brings this aspect of gaming up to modern times and makes it easier for everyone.

2:01:04 PM

CHAIR COSTELLO opened public testimony on SB 130.

2:01:17 PM

JOHN POWERS, Tudor Bingo Center, Anchorage, Alaska, said he opposes SB 130 right now because the gaming industry is evolving so rapidly. He noted that there are several versions of electronic pull-tabs and one looks and plays like a slot machine. The play is very rapid and he believes this could lead to overspending. He said he also supports maintaining the existing payout limits. He said states that have adopted electronic pull-tabs generally have specific rules and guidelines and he would request the committee table this bill at least this session and get input from industry leaders like himself. He referenced previous testimony and said his company also supports charities and they recycle all the used pull-tabs. He also suggested imposing limits on the number of terminals or

machines in each facility to prevent a casino atmosphere. He reiterated his opposition to SB 130 without further input from people like himself.

CHAIR COSTELLO clarified that SB 130 provides the option, not a mandate, for electronic pull-tabs. The regulation process will address the fine details to ensure compliance with the existing charitable gaming laws.

[2:05:56 PM](#)

SENATOR GRAY-JACKSON asked Mr. Powers if he had pull-tabs at his bingo hall.

MR. POWERS answered yes.

SENATOR GRAY-JACKSON asked if he was aware that SB 130 offers a choice of transitioning to electronic pull-tabs or continuing to use paper.

MR. POWERS answered yes but he is concerned that this change could lead to additional bad actors entering the industry in Anchorage and throughout Alaska. He said the big issue is that the charities suffer.

SENATOR GRAY-JACKSON thanked him for his email.

CHAIR COSTELLO returned to invited testimony and recognized Jack Tripp.

[2:08:31 PM](#)

JACK TRIPP, former owner, The Viking, Juneau, Alaska, advised that in the 32 years he owned the bar he ran a lot of pull-tabs and helped many charities. He referenced the suggestion to wait to ensure against bad actors and pointed out that the issue of fraud in gaming has been discussed for 20 years. He mentioned a catastrophic theft by bartenders that he once suffered and said it almost put him out of business but the charity absorbed none of the loss.

He said electronic pull-tabs are a way to safeguard against bad actors. The play is encapsulated and there is no opportunity for theft. He said it makes sense and it removes the human error. He said people think pull-tabs generate a lot of money for the vender but venders receives just 30 percent. The profit margin on a game might be \$300 so the vender would sell 3,000 tickets to make \$90 before paying the bartender. He reiterated that

removing the human time makes sense and will help clean up an industry that probably could use a little clean up.

CHAIR COSTELLO asked if there were any unresolved concerns related to pull-tabs or if this is the right time to move in this direction.

MR. TRIPP replied he thinks it is the right time. He thinks that people will like electronic pull-tabs and it will increase gaming, which will help the charities. The only people who will be hurt are the ones who opt to continue to use the paper pull-tabs. He added that it is difficult to steal from a machine but easy to steal from a pull-tab bin.

[2:12:15 PM](#)

CHAIR COSTELLO continue with public testimony.

[2:12:26 PM](#)

SANDY POWERS, representing self, said she operates Big Valley Bingo in Willow, Alaska. She has been looking at electronic pull-tabs for some time and her biggest concern is that the play is very fast and people may have a tendency to overspend. This has the potential to increase financial and societal problems. Additionally, it might bring in the tourism industry and she does not typically market to that industry. She acknowledged the reduced potential for theft with electronic pull-tabs but pointed out that businesses would still need to keep lots of cash on hand because faster play means the vender will pay out more money.

CHAIR COSTELLO asked Scott Henneman to respond to the concern about the speed of play. She specifically asked whether play speeds up with electronic pull-tabs and if that can be programed into the device.

[2:15:43 PM](#)

SCOTT HENNEMAN, Vice President, Business Development and Governmental Affairs, Grover Gaming, Omaha, Nebraska, testified in support of SB 130. He advised that speed of play for electronic pull-tabs can be regulated and programed into the device. Speed of play has not been an issue in the business he does in numerous states manufacturing both paper and electronic pull-tab products. He noted that he has been involved in charitable gaming for more than 30 years as a gaming regulator and working in the private sector manufacturing paper and electronic pull-tab products.

2:16:46 PM

MR HENNEMAN said e-tabs have modernized pull-tab gaming but they have the same fundamental characteristics. The only difference is that e-tab play is on a touch screen monitor with a digital display. He said the characteristics are like the paper game where there are finite and predetermined winners in a box of pull-tabs. Each game has a predetermined payout and profit, which is completely different and can be easily distinguished from a slot machine that uses a random number generator to determine its outcome. E-tabs are player-versus-player, which is unlike a slot machine where it is player versus a machine. Regarding what an electronic pull-tab might look like, he said it could be a standalone kiosk, a handheld tablet, or a device that allows players to play an electronic representation of the paper pull-tabs. All hardware and software are tested and approved by an independent laboratory to ensure that the games a charity offers meet the state's particular rules and regulations. He noted that the Department of Revenue would make those determinations.

MR. HENNEMAN summarized that speed of play for e-tabs has not been an issue in his experience. A number of states already use them in fundraising activities. If approved, venders would have the option of switching to the electronic product. It is not mandatory but new players are familiar with and prefer to play games with a visual digital play accompanied by a sound stimulus. Charities do not have to store or manually add tickets to machines in the electronic format, there is no physical inventory to count, and monitoring is from an internet connection. The electronic format makes scheduling, ordering, and reporting to the regulatory agency more efficient. Furthermore, all communication with the regulatory agency is encrypted to maintain security and integrity.

2:21:40 PM

SENATOR GRAY-JACKSON asked if he currently uses electronic pull-tabs in his business.

MR. HENNEMAN answered yes; Grover Gaming manufactures the electronic devices and the tickets that are loaded through the internet to a controlled site at a bingo hall or a charitable gaming site that sells pull-tabs. Responding to another question, he clarified that he is a manufacturer as opposed to a vender.

SENATOR GRAY-JACKSON asked if venders have said that electronic play has resulted in players spending more money, potentially more than they can afford.

MR. HENNEMAN replied it has not been an issue that people are spending more with pull-tabs in the electronic format as opposed to the paper format. He cited the sales in the state of Minnesota as an example. Paper pull-tabs accounted for \$1.4 billion in sales compared to \$600 million in the electronic format.

[2:23:29 PM](#)

SENATOR STEVENS joined the committee.

CHAIR COSTELLO asked if any states that offer both options saw electronic sales become a higher percentage of sales. She also asked if his experience is that less revenue is coming from the electronic format than the paper format.

MR. HENNEMAN replied it depends on the state but Grover Gaming has worked to ensure that electronic pull-tabs do not cannibalize existing products like paper pull-tabs and bingo. There is a social aspect to the paper products but that does not disappear with the electronic format. Players can take the tablet to their table or sit at a booth or stool and play. He said Alaska is in the top six markets of paper pull-tabs in the country but the player base is aging. He said he believes the state will see more incremental sales if it offers electronic pull-tabs as an option. He reiterated that it depends on the state but some states that offer both options have seen an increase in paper pull-tab sales.

[2:26:39 PM](#)

NANCY DECHERNEY, Executive Director, Juneau Arts and Humanities Council, Juneau, Alaska, stated that she was calling to support SB 130. Nonprofits benefit from pull-tab gaming but small businesses find it cumbersome to run these gaming operations. SB 130 offers the option to use electronic pull-tabs, which she believes will alleviate the administrative burden. The electronic format will be easier to manage, easier to track, and perhaps make more money for nonprofits in the state.

[2:27:59 PM](#)

MACK MEINERS, representing self, Juneau, Alaska, stated that he has been involved in charitable gaming for over 20 years in various locations throughout the state. He agreed that there has been some trouble in bars with misplaced and lost tickets but

Mr. Tripp clarified that the vender pays for any losses. He emphasized the need for strict quality control.

MR. MEINERS said he believes Grover Gaming offers a good opportunity to clean up the game and provide a choice of electronic or paper play. He said he supports the option of using electronic pull-tabs and he believes it will increase the opportunity to raise money for charities. That is the point.

[2:33:12 PM](#)

JOHNATHON GREEN, Attorney, Kempell, Huffman, and Elise, Wasilla, Alaska, advised that his firm was hired to analyze whether SB 130 would expand requirements for the state to negotiate with tribal entities for class III gaming. He said the short answer is no. He offered to elaborate if there were questions.

CHAIR COSTELLO polled the members and determined that further elaboration was not necessary.

[2:34:39 PM](#)

DAVID LAMBERT, representing self, Fairbanks, Alaska, stated that he is a charitable gaming operator who has raised funds for over 30 nonprofits. He pointed out that over the last 30 years, everything associated with charitable gaming has gone up but a \$1 pull-tab still costs just \$1. He said it is important to offer options to attract a new player base and that includes electronic pull-tabs. He suggested addressing the concern about casinos by limiting the number of machines per location. He said modernizing the game by offering electronic pull-tabs as an option for players would resolve the problem with backlogs on paper pull-tabs.

SENATOR STEVENS asked what number of machines per location he would recommend.

MR. LAMBERT said he believes six machines per location would be reasonable because each machine can hold 20-30 games.

CHAIR COSTELLO asked Ms. Mitchell with the Department of Revenue whether SB 130 would expand the application process for somebody to sell electronic pull-tabs.

[2:38:05 PM](#)

KATRINA MITCHELL, Gaming Manager, Tax Division, Department of Revenue, Juneau, Alaska, asked if the question was whether adding a new game type such as electronic pull-tabs would require a change in the application process.

CHAIR COSTELLO clarified that she was relaying Mr. Lambert's concern about too many devices in one location creating a casino atmosphere.

MS. MITCHELL answered that a licensee is not limited in the number of paper pull-tab games he or she may offer at one time. She supposed that limiting the number of electronic pull-tab games would require a change in the statute or regulations.

CHAIR COSTELLO said she did not believe there was interest in any limitations because the free market is providing the limits. She asked if the administration had a position on the legislation.

[2:39:56 PM](#)

COLLEEN GLOVER, Director, Tax Division, Department of Revenue, Anchorage, Alaska, said the administration does not have a position on SB 130.

CHAIR COSTELLO asked if she believes that electronic pull-tabs would reduce record keeping errors.

MS. GLOVER answered that DOR does not have enough information to make a determination, but they have reached out to Grover Gaming and other states that have passed similar legislation to understand how this would work and to confirm that the electronic format would be more secure.

[2:40:51 PM](#)

At ease

[2:43:01 PM](#)

CHAIR COSTELLO reconvened the meeting.

[2:43:10 PM](#)

CHAIR COSTELLO closed public testimony on SB 130.

[2:43:18 PM](#)

SENATOR REVAK moved to report SB 130, work order 32-LS0811\A, from committee with individual recommendations and attached fiscal note(s).

CHAIR COSTELLO found no objection and SB 130 was reported from the Senate Labor and Commerce Standing Committee.

[2:44:04 PM](#)

There being no further business to come before the committee, Chair Costello adjourned the Senate Labor and Commerce Standing Committee meeting at 2:44 p.m.